

RAILWAY PROVIDENT INSTITUTIONS:

*Their Status in the United States and Particularly with
The Pennsylvania Railroad Company.*

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COMPANY.

BEING AN ADDRESS DELIVERED BEFORE THE WELFARE DE-
PARTMENT OF THE NATIONAL CIVIC FEDERATION,
IN THE NIMROD ROOMS OF HOTEL ASTOR,
NEW YORK CITY. N. Y., TUESDAY,
NOVEMBER 15TH, 1904.

Mr. Chairman and Members of the Welfare Department
of the National Civic Federation:

SOME time since at an annual dinner given by the
Economic Club, of Boston, Mass., I read, by
special request, a paper, entitled, "What The
Pennsylvania Railroad Company is doing for
the benefit of its Employees." This comprehended a
brief sketch of the several provident and benevolent in-
stitutions and movements in which that Company was in-
terested, and, as the title indicates, was restricted for the
most part to such undertakings identified with the lines
of the Pennsylvania System East of Pittsburgh and Erie,
Pennsylvania, only general mention having been accorded
the System West of the points named.

UNITED STATES.

On this occasion my remarks will be devoted more
particularly to a concise presentation of the subject in its

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relations to the railroads of the United States and their employes, during the year 1903.

The principal avenues of provident effort in which the railways are interested on account of their employes may be enumerated as: Insurance and Relief Provision, embracing (a) regular or commercial insurance, (b) insurance societies and organizations conducted exclusively by railway employes, and (c) the relief departments created and conducted wholly by the railroad companies; Superannuation Funds; Pension Funds; Saving Funds; Hospital Service, including (a) hospital departments, (b) contractual hospital service, (c) emergency stations, (d) ambulance crews, (e) "first-aid" relief, (f) hospital cars; Libraries and Reading Rooms; Young Men's Christian Association Railway Branches; Co-operative Stock Sharing Plans; Public and Private (Outside) Provision; and Miscellaneous Provision.

Eliminating the independent or outside insurance and relief organizations with which employes are affiliated, and confining attention to the strictly Railroad Relief Departments, it is found that, unlike the practice commonly obtaining with roads in foreign countries, membership is purely *voluntary*.

RELIEF FUNDS.

Out of upwards of 24 roads conducting insurance plans of different kinds in which their employes participate, nine are interested in strictly Railway Relief Associations, the others being concerned, under varying conditions, in (a) regular life and accident insurance, (b) mutual insurance, (c) endowment insurance, and (d) employes' relief associations or societies which are neither under the direct control nor operated as a department of the railroad companies.

The nine purely relief department roads represent an aggregate of 31,000 miles of roadway, or about fifteen *per centum* of the total railway mileage of the country, with employes numbering 318,000, or about twenty-four *per centum* of the total number of railway employes in the United States, and an insurance membership of 206,000 employes, or practically sixty-five *per centum*

of the total number of employes identified with the roads involved, and this membership percentage would be largely increased were the computations based on exclusion of non-membership employes who are so because of ineligibility for membership, owing to age or physical disqualifications. The combined average annual disbursements of these departments aggregate \$2,230,000, while their combined disbursements since organization reach close to \$37,150,000.

SUPERANNUATION FUND.

Superannuation provision is confined exclusively to the Pennsylvania System East of Pittsburgh and Erie, Pa., and will be discussed later on in connection with remarks to be made on provident undertakings in which the System is interested.

PENSION FUNDS.

Railway Pension Funds in the United States originated with the pension feature of the Baltimore and Ohio Railroad Company, instituted October 1, 1884, participation in which is based on four years' membership in the Company's Relief Department, of which the pension feature is an auxiliary. The operations of the Baltimore and Ohio Fund were originally on a small scale. The Company's annual appropriation up to July 1, 1900, was \$31,000, (consisting of an annual appropriation of \$25,000, and use of the \$6,000 reserve fund of the Relief Department proper when the same was not needed by that Department); on the date named, however, the annual appropriation by the Company was increased to \$75,000, with reversionary interest in the \$6,000 reserve fund of the Relief Department. It is, therefore, apparent that the present standard of Pension Fund operations dates practically with the year 1900, after which year all of the funds were established on the prevailing scale of allowances.

The objects of Pension Departments are to provide for compulsory or involuntary retirement from service at ages sixty-five or seventy years and voluntary retirement, growing out of incapacitation, between ages sixty-one and sixty-nine years, with service ranging from ten to thirty

years, on a fixed allowance, usually computed at one *per centum* of the average pay for the ten years next preceding retirement, for each year of service.

Data on pension undertakings furnished by eighteen different roads show sixteen pension funds in operation, and two practically ready for introduction, while, besides, several roads announce plans either under consideration or in course of preparation, the lines of the "Vanderbilt System" being in the latter category.

The roads reporting pension funds embrace upwards of 50,000 miles, or about 24 *per centum* of the total railway mileage of the country, and close to 500,000 employes, or about thirty-eight *per centum* of the total number of employes of all roads in the United States.

These funds represent an aggregate annual appropriation not to exceed \$1,350,000, when necessary to make payment of pension allowance, while eight of the roads set aside originally, as the basis of pension or working funds, an amount aggregating about \$600,000. Twelve of the roads have expended since organization an aggregate of \$2,500,000, and the roads concerned were carrying on their pension rolls the names of 3,200 pensioners at the end of the year 1903, while the aggregate mortality among pensioners, since fund organization, numbered 1,150.

A prominent characteristic of railway pension funds is that the undertaking is wholly financed and supported by the railway companies concerned, the beneficiaries making no contribution whatever thereto. The financial demands on some of these funds are met by setting aside originally a certain amount as an investment, the interest accruing therefrom constituting pension or working funds, these amounts being in some cases supplemented by provision for a further maximum appropriation when necessary; in other cases, the railway companies simply assume responsibility for a maximum annual disbursement.

STATISTICAL RECAPITULATION FOR INSURANCE, SUPER- ANNUATION AND PENSION FEATURES.

Recapitulation of results from investigations made shows that the railroads of the United States are interested in insurance, superannuation and pension undertakings on a very extensive scale, and that these roads represent a mileage aggregating 73,351 miles, or 35.8 *per centum* of the country's total railway mileage, and employes numbering 646,690, or 49.3 *per centum* of all railway employes, while the combined disbursements, for the features named, run well up into the millions of dollars annually.

SAVINGS FUNDS.

Savings Funds have not found widespread foothold among the railroads of the country, the three now in operation being identified with the Baltimore and Ohio Railroad Company and the Pennsylvania System of Lines East and West of Pittsburgh and Erie, Pa.

The Baltimore and Ohio Saving Fund differs from the Pennsylvania System Funds, in that it provides that the wife, mother, or child of an employe, or the beneficiary of a deceased member of the Relief Fund, may deposit under the same terms and conditions as employes, and the Fund, which was established in August, 1882, also has an important adjunct known as the "Loan Feature," which enables employe members of the Relief Fund to borrow money at a reasonable rate of interest and on easy terms of repayment for the purpose of acquiring and improving homesteads.

The combined total of depositors for the three roads as of December 31, 1903, was 14,807, and depositaries 1,895; deposits and withdrawals since organization having aggregated respectively \$14,877,724.99 and \$10,047,776.47.

HOSPITAL SERVICE.

Hospital service was one of the earliest forms of relief adopted by the railroads on behalf of their employes, the first hospital department, as conducted at the present time, having been organized in conjunction with the

Southern Pacific Railway, in California, in 1868. The average monthly contributions by members are twenty-five and fifty cents, while the railway companies usually furnish the hospital buildings and other quarters, also free transportation to and from the same, and not infrequently assume responsibility for financial deficiencies.

Many roads, particularly in densely populated sections, rely upon State, municipal and private hospital service, and to that end have agreements with such institutions for the treatment of their sick and injured employes on reasonable terms.

There is also in vogue provision for extending first-aid relief to injured persons, consisting of the "First Aid Packet" and the "Emergency Box"; while the hospital car and the "system of furnishing baggage, wrecking, and maintenance-of-way cars with stretchers" are finding general adoption.

A list compiled from *data* supplied by thirty-five railroads with distinctive hospital organizations, represents an aggregate of about 70,000 miles of roadway, and employes numbering upwards of 360,000, the number of cases treated annually approximating 275,000.

LIBRARIES AND READING ROOMS.

Upwards of fifty roads, representing over 100,000 miles of roadway and nearly 800,000 employes, were on record December 31, 1903, as being interested in libraries and reading rooms for their employes. These features are largely associated with the railway branches of the Young Men's Christian Association, and embrace about 250,000 volumes.

Two notable instances of libraries conducted exclusively by railroads, and wholly disassociated from Association railway branches, are the Baltimore and Ohio Railroad Company's Circulating Library, with 15,000 volumes, and the Pennsylvania Railroad Company's Mechanics' Library, at Altoona, Pa., (at which point are located the principal car and machine works of the Company), with 35,000 volumes.

Y. M. C. A. RAILROAD BRANCHES.

The Young Men's Christian Association first found lodgment in America at Montreal, Canada, November 25, 1851, and in the United States at Boston, Mass., on December 29th of the same year. The Railroad Department of the Association has its principal and almost exclusive standing in the United States, the work having started on the Cleveland, Cincinnati, Columbus and Indianapolis Railroad, at Cleveland, Ohio, in the fall of 1872.

On December 31, 1903, roads representing seventy-nine *per centum* of the total railroad mileage of the country recognized and supported the Association. Investigations concluded for the same year resulted in about forty roads advising of direct and active operation and promotion of railway branches, comprehending, in round numbers, upwards of 100,000 miles of roadway and 785,000 employes, 55,000 of whom were identified with the branches, the combined annual operative cost of which approximated \$500,000. The railroads covered by these figures are regular contributors to the movement. There are many others, however, while not directly identified with the work, are systematic subscribers thereto.

Membership rates are purely nominal, ranging from \$3.00 to \$5.00 a year for the privileges extended. The bulk of expenditure is, however, borne by the railroads concerned.

Educational courses, conducted for the most part throughout the fall and winter months, and which are evidencing pronounced increase in the variety and usefulness of the studies comprehended, are growing in popularity and value. These courses embrace in their curriculum those commercial and railroad branches a knowledge of which is of prime importance to ambitious and progressive employes, and particularly to those who would otherwise be debarred from enjoying that encouragement and opportunity for general intellectual training and improvement which experience has shown to be essential for individual advancement in any chosen vocation.

Tuition rates are nominal, the classes being in charge of specialists of well known ability and highest endorsement.

It is to be noted that one of the prominent features in the success of the movement rests on the fact that it is free from sectarian complications, the religious work being of such a broad general character that it can be participated in without intrenching upon denominational affiliations—being based upon the simple principles of morality that are accepted and recognized by all Christian people.

CO-OPERATIVE STOCK SHARING PLANS.

Co-operative Stock Sharing Plans are in operation with the Illinois Central Railroad and the Great Northern Railway Companies, representing an aggregate of 9,900.10 miles of roadway and 64,010 employees.

Under the Illinois Central plan employees are enabled to purchase the Company's capital stock upon an easy payment basis, receiving a fixed rate of interest during the time payments are being made for the shares. An employe may subscribe for one share at a time, payable in instalments of \$5.00 or any multiple thereof; on the completion of payments the Company delivers to him a certificate of the share registered in his name on its books; he can then begin the purchase of another share on the same plan. The rate of interest allowance is four *per centum per annum*. Any officer or employe making payments under the plan, and for any reason desiring to discontinue them, can have his money returned, with accrued interest, by making application to the head of the department in which employed.

Under the Great Northern plan provision is made for investments by the employes. A certain number of shares of stock was originally issued by the Company's Board of Directors, to be handled by a specially created Employees' Investment Association. Certificates are issued against these shares, in multiples of \$10.00. The Company guarantees six *per centum* interest on certificates taken out between dividend dates, from the dates of such certifi-

cates to the next following dividend date (interest being paid in the form of quarterly dividends); and also guarantees the same rate of interest on certificates redeemed from the last dividend date to the date of such redemption. Between dividend dates the Company guarantees that the holder of a certificate shall receive the same percentage as interest on certificate as the Company pays in dividends on its stock. At the present time there is outstanding about \$710,000 worth of these investment certificates, and the amount is gradually increasing.

PUBLIC AND PRIVATE PROVISION.

Public and Private (Outside) Provision represents provident endeavor through the intervention of capital or its equivalent emanating from sources other than those directly identified with active railway interests. In this class may be enumerated "The Andrew Carnegie Relief Fund," effective January 1, 1902, based on an endowment of \$4,000,000, the interest on which is applied in providing relief for employes of The Carnegie Company in all its works, mines, railways, shops, etc., injured in its service, and for those dependent upon employes killed in the performance of duty; also to provide small pensions or aids for employes, after long and creditable service, who through exceptional circumstances, need such help in their old age, and make good use of it. Another instance is "The Moses Taylor Hospital," (established March 29, 1882—incorporated July 22, 1884), located at Scranton, Pa., and endowed by Mr. Moses Taylor, Sr., and Mrs. C. A. Taylor, the endowment principal being invested in such manner as to net an income sufficient to take care of all operating expenses. Cost of building and equipment was \$355,333.05, and total cost of operation to close of 1903, \$450,524.92; while 3,293 surgical and 1,170 medical cases had been cared for up to the end of the same year. This hospital is conducted principally in the interest of the employes of the Delaware, Lackawanna and Western Railroad Company and the Lackawanna Iron and Steel Company. The Iron and Steel Company having removed from Scranton, Pa., to Buffalo, N. Y., an-

other hospital, known as "The Moses Taylor Hospital of Buffalo," was opened in the latter city during the present year.

The will of the late J. Edgar Thomson, (a former President of the Pennsylvania Railroad Company), contains beneficent provision for the education and maintenance of female orphans of railway employes who meet death in the discharge of service duties. Mr. Thomson bequeathed all his real and personal property, (subject to certain bequests and payments), in trust, the net income from the estate, after the decease of his wife, Lavinia F. Thomson, to be appropriated to the education and maintenance of female orphans of railway employes killed while in the discharge of their duties on the Pennsylvania Railroad, as well as on other railroads in the United States, as far as such net income will permit. In 1882, Mrs. Thomson, who was in sympathy with the spirit of her husband's will, started the St. John's Orphanage, in Philadelphia, Pa., where have been domiciled a number of orphan girls, who have been cared for and given the privilege of a good education. Mrs. Thomson died in 1903, since which time the Orphanage has been under the supervision of the trustees of the estate, (seven in number), who now have under consideration certain disposition of the property and proceeds which, when carried out, will provide material enlargement of the scope of the work, to the extent, at least, of housing and caring for from sixty to one hundred orphan girls.

UNDERTAKINGS OF RELATED INTERESTS.

In the course of investigations it was deemed advisable to examine into the methods pursued by Express Companies, Sleeping Car Companies, and the Railway Mail Service, on account of the provident undertakings already mentioned. These interests are closely and inseparably identified with the railways, and are therefore properly subjects for mention in this relation.

Six Express Companies in the United States,—including the Adams Express Company, the American Express Company, the United States Express Company, the

Southern Express Company, the Pacific Express Company and Wells, Fargo and Company,—representing an aggregate mileage operated of 198,503 miles, and 62,574 employees, as of December 31, 1903, are interested in insurance and pension measures, Young Men's Christian Association Railway Branches and Libraries and Reading Rooms, on behalf of their employees. One of the Companies—Wells, Fargo and Company—has libraries located in five of the principal cities of the United States and in the City of Mexico, carrying a total of 15,523 volumes, and also provides what are known as "Terminal Libraries" at twenty-two points throughout the territory traversed by its service.

The Pullman Company, operating over 175,761 miles and with 20,398 employees, as of December 31, 1903, encourages its employees to carry good insurance, and has under consideration a pension plan in their behalf. This Company conducts a "merit system" for its transportation men, under the operation of which employees with over five years' service to their credit are rewarded by having placed conspicuously upon their service uniforms "meritorious marks" indicative of their years of service. This feature is highly appreciated by the traveling public, the presence of these marks of special distinction inspiring confidence and security, by reason of evidencing long and faithful discharge of assigned duties.

PENNSYLVANIA RAILROAD SYSTEM.

I may be pardoned for speaking on the efforts made and the plans adopted by the Pennsylvania Railroad Company in its endeavor to further the welfare of its employes, for the reason that I am more familiar with its plans and operations and practical workings, also on the ground that the policy pursued in the conduct of its provident undertakings has been largely followed by other American roads. Its status in this relation may therefore be taken as a fair indication of the drift of sentiment on the part of the railroads of the country toward providing institutions and measures for the benefit of their employes.

For operative and administrative purposes the System is divided into two distinctive organizations, one styled the "Pennsylvania System East of Pittsburgh and Erie," including the lines east of those points, and representing 5,852.44 miles of roadway with 117,928 employes, of which the roads associated in the administration of the Relief and Pension Departments represent an aggregate mileage of 5,209.87 miles of roadway and 110,502 employes, respectively; and the other the "Pennsylvania System West of Pittsburgh and Erie," embracing the lines west of those points, and representing 5,061.45 miles of roadway with 49,202 employes.

The provident institutions and undertakings now conducted comprise well-defined plans, and their relative importance warrants the following grouping: Relief fund and superannuation feature, pension fund, saving fund, hospital service, libraries and reading rooms, and Young Men's Christian Association branches. Both parts of the System employ very similar methods for the benefit of their employes, but as those operated on the lines east come more directly under my observation, detailed remarks will be confined to that territory.

RELIEF DEPARTMENT.

The subject of providing some manner of aid for employes in case of disablement or death was first brought to the attention of the management of the Pennsylvania Railroad Company in 1874. An exhaustive canvass of the field culminated in the establishment of the present "Pennsylvania Railroad Voluntary Relief Department," in February, 1886. While many of the features of the original Baltimore and Ohio Railroad Relief Association, in operation at that time, were given full consideration and served as guides in preliminary work, the Pennsylvania Railroad Relief Department represents a purely distinctive organization, built up on the basis of the ascertained requirements of the employes.

The affairs of the Department are under the control of an Advisory Committee, consisting of the General Manager of the Railroad Company, as member *ex-officio* and chairman, and fourteen members, seven of whom are elected by the contributing members, the other seven being appointed by the several interested Boards of Directors. Each member serves for a period of three years, the elections and appointments being made triennially, in different years, and in such manner as to provide for there always being on the committee a majority of members who have served thereon for a period of time sufficient to afford them practical familiarity with the workings of the Fund.

Employes not over forty-five years of age may be enrolled upon making proper application and passing a satisfactory physical examination. Membership contributions, payable monthly in advance and collected by deduction from wages on pay-rolls are made in accordance with a graduated scale, based on wages earned, and are respectively, beginning with the first class, 75 cents, \$1.50, \$2.25, \$3.00, and \$3.75 per month, for the five classes.

The benefits of the first class are: For sickness, after the first three days of disablement, 40 cents per day for a period of 52 weeks, and 20 cents per day thereafter during continuance of sickness; for accident, 50 cents

per day for 52 weeks, and 25 cents per day thereafter while disabled. Other class benefits are proportionately higher. The death benefits are respectively, beginning with the first class, \$250, \$500, \$750, \$1,000 and \$1,250. Additional death benefits may be secured by payment of fixed monthly rates over and above regular contributions, the limit of such benefits being governed by class membership; the highest amount being for the fifth class, members of which may take five additional death benefits, with \$250 as the benefit unit, or a total of death benefits, including that of their class, amounting to \$2,500. The monthly rates of contribution are, for each additional death benefit of the first class (\$250), when taken at age not over forty-five years, 30 cents, when over age forty-five and not over sixty years, 45 cents, and over sixty years, 60 cents.

The Company gives the Department free use of its offices and other facilities; defrays all expenses of operation and administration, including the salaries of the two officers in charge, the eighty-nine medical examiners, and ninety-six other employes directly identified with the conduct of the Department; agreed at the outset to make good any deficiency that should arise in any period of three years, which assumption of responsibility was subsequently made a part of the Fund regulations; and also arranged that any surplus arising during any triennial period should be set aside as the foundation for a Superannuation and Pension Fund.

A summarization of eighteen years' operation of the Fund, for the period ending December 31, 1903, presents the following results:

RECEIPTS.

Contributed by members..	\$11,672,717.39
From company	2,544,348.11
From other sources	422,027.04
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Total	\$14,639,092.54

DISBURSEMENTS.

Superannuation allowances	\$148,662.15
Operating expenses	1,815,641.54
For sickness	4,455,618.80
For accident	2,246,454.10
Death from natural causes	3,527,818.27
Death from accident	1,323,616.61
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Total	\$13,517,811.47

During these eighteen years benefits were paid for 469,000 cases of disablement, for periods ranging from one day to seventeen years, while 8,531 families of deceased members received death benefits varying in amount, from \$250 to \$2,500, according to class membership. The membership as of December 31, 1886, was 19,952, while at the close of 1903 it numbered 76,507, or about sixty-nine *per centum* of the total number of employes, and included nearly all those who, by reason of age and physical condition, were eligible to membership.

The value of the protection provided by the Fund may be better understood when it is stated, that members may draw for disablement in 52 weeks as much as their contributions would aggregate in about sixteen years, and that the death benefit, which may become payable at any moment, is equal to the contributions of twenty-eight years.

SUPERANNUATION FUND.

The formation of the Superannuation Fund, (which became operative January 1, 1900, simultaneously with the inauguration of the Pension Fund), was brought about by the establishment of the pension feature, when it was decided that members of the Relief Fund, upon retirement from active service, should receive monthly a proportion of the surplus on the basis of their relative contri-

butions. This basis is one cent per month per class for each month of membership.

The Company's liberal policy in meeting all expenses growing out of the operations of the Relief Fund, as well as making up deficiencies at the close of any three-year period, made possible the accumulation of a Surplus Fund of \$751,256.25.

The original plan of payment of superannuation allowances involved that the interest accrued upon investments should be used for the purpose. After four years' operation under this plan, it was found that the interest returns were inadequate to meet the demand, whereupon the Company, preferably to making a reduction in the basis of payment, caused the Relief Department regulations to be amended, as of January 1, 1904, to provide that, in addition to the interest derived from the investment of the Surplus Fund, at the end of each three-year period the money not required to discharge the liabilities of former periods shall be applied directly to the payment of superannuation allowances instead of being transferred to and becoming a part of the Surplus Fund; if, however, at the end of the next ensuing three-year period there shall be a balance in the Superannuation Fund, it is to be transferred to and become a part of the Surplus Fund. On the other hand, the Company holds itself responsible to pay any deficiencies in superannuation allowances up to January 1, 1907.

Retired employees receiving superannuation are permitted, upon paying the proper rates of contribution, to retain title to death benefits in the Relief Fund.

PENSION FUND.

The Pension plan was started January 1, 1900, and, as finally approved by the Company's stockholders, provides that the Company shall contribute all money necessary for the payment of pension allowances, and for the operation of the Department, also that the maximum amount disbursed for pension allowances under existing regulations shall not exceed in any one year the sum of \$390,000. Department operations are controlled by a

Board of Officers, consisting of the following officers of the Railroad Company,—namely, the Vice-Presidents, the General Manager, and the Assistant Comptroller, vested with full power to make and enforce Department rules and regulations.

All officers and employes upon attaining the age of 70 years are retired and placed upon the pension pay-roll, while those of ages between 65 and 70 years, after 30 years' service, are retired and pensioned, either at their own request or upon the recommendation of the proper employing officer, if found to be permanently incapacitated by a Board of Company Physicians. Retirement is based on age, and pension allowance on service and pay; that is, for each year of service one *per centum* of the average monthly pay for the ten years immediately preceding retirement.

During four years' operations, ending December 31, 1903, there was paid in pension allowances the sum of \$1,224,087.59, the expense of operation for the same period having been \$20,134.78.

Up to the end of 1903 there had been retired and granted pension allowances to 2,126 employes, while 527 pensioners had died. Of the total number retired, 456 were between ages 65 and 70, and 348 of these were relieved at their own request with the approval of the proper employing officer, which indicates that the number of requests to be relieved originating with the employes themselves was in the proportion of three to every one emanating from the employing officers.

Provision is made that persons beyond the age of thirty-five years will not be admitted into the Company's service (the exceptions being in cases of former employes, whom the Company may desire to re-engage within a period of three years from the time they were last in the service, or of professional men or specialists). Employment in the service is generally understood to be permanent, and the Company, so viewing the matter, made provision accordingly in the organization of the Pension Department, by limiting the age to 35 years.

The motive for establishing this age restriction was to provide a basis of Department operation under which employes in the future, after the starting period, would be retired from the service and carried on the pension roll at age sixty-five with thirty years' service if physically disqualified. In other words, under the present workings of the Fund it will be merely a matter of a few years when the application of this age limitation feature will bring about a condition under which all pension beneficiaries will have been in the Company's service for not less than thirty years previous to their retirement on pension allowances; and will, in consequence, receive not less than thirty *per centum* of their average wages for the ten years next preceding such retirement.

SAVING FUND.

Mature deliberation, growing out of appeals made by employes identified with the service of the various divisions and branches of the Company for saving fund advantages, resulted in the creation of the "Pennsylvania Railroad Employes' Saving Fund," as of January 2, 1888. The Fund is conducted as a separate department, in charge of a Superintendent, under the supervision of a Board of Trustees, three in number, the members of which are directors or officers of the Railroad Company. Custodianship of all moneys and securities of the Fund is vested in the Company, which assumes responsibility for the proper return of all securities in which Fund surplus may be invested, also the return of membership deposits, together with a fixed rate of interest thereon, which at the present time is three and one-half *per centum per annum*. Fund regulations provide that no change shall be made in the rate of interest allowance on deposits without six months' previous notice to depositors, thus insuring against sudden fluctuations in the earning power of savings.

Employes whose regular monthly wage compensation does not exceed \$300 may become depositors, upon making due application at any of the depositaries. No employe is, however, permitted to carry a balance

in excess of \$5,000, nor deposit more than \$100 in any one month. Report of Fund operations for year ending December 31, 1903, shows 9,494 depositors; deposits, \$1,260,229.50; withdrawals, \$796,204.22; interest allowed depositors, at three and one-half *per centum*, \$127,587.09, and balance of \$4,010,116.88, equivalent to an average *per capita* credit balance of \$420. On the date named there were 1,102 depositaries, located at station agencies most accessible to the employes, and of which the general clearing house is the Company's Treasury Department.

Statistics for the period since establishment of the Fund to the end of 1903 furnish the following results:

Deposits	\$9,334,945.08
Withdrawals	6,400,892.71
Interest allowed depositors	1,058,676.97
Number of applications for deposit books	20,133

Fully ninety-five *per centum* of the total amount on deposit is invested in first class securities averaging an annual return of three and one-half *per centum*.

HOSPITAL SERVICE.

The Railroad Company does not conduct a Hospital Department, there being no absolute necessity therefor, owing to the fact that it is conveniently and reasonably enabled to avail itself of the numerous public and private institutions of this character located in the different cities and towns along its lines. There is, however, a well established corps of surgeons, the members of which are assigned to points on the road where they can be reached by quick summons, also the corps of medical examiners allied to the Relief Department, the members of which are assigned to special territorial districts, with offices at vantage points where they are ever ready to give in emergencies needed medical advice or attendance to employes, regardless of Relief Fund membership.

To render prompt assistance to those who may meet with accident or are seized with sudden illness on its lines, the Company has numerous devices, the foremost being the "Hospital Car," which is especially constructed to meet all requirements, and thoroughly equipped with necessary paraphernalia for emergency use.

For some years the Company had under consideration the establishment of a system of "First Aid to the Injured," but the actual inauguration of the plan was deferred pending the development of Relief Fund operations to a stage at which adequate equipment and working machinery could be commanded. The plan was launched on October 1, of this year, since which date the medical examiners have been giving lectures to employes selected to perform this work. The arrangement comprises the following features: The "First-Aid Packet," containing small packets in a tin box, hermetically sealed, which, in turn, is enclosed in a sealed wooden box, these boxes being placed in every engine and caboose, and at principal stations, and the "First Aid Emergency Box" which is placed at large stations and agencies, with full instructions as to the use of contents, which, in a general way, include medicines, bandages and plasters, and surgical instruments. The Company also has in operation a systematic arrangement for supplying stretchers to all baggage, wrecking, and maintenance-of-way cars. General orders have been issued requiring the giving of instructions to all trainmen and others concerned, on extending first aid to the injured.

LIBRARIES AND READING ROOMS.

Germane to the work of the Young Men's Christian Association Railroad Departments, and in many instances going hand in hand with it, is the plan of providing libraries and reading rooms at various points on the lines of road at which trainmen and others are required to collect in the discharge of their duties.

Numerous reading rooms are located on the lines of the Pennsylvania System East of Pittsburgh and Erie, at various division terminals; also at other points where trainmen begin and end runs. These rooms are currently furnished with daily papers, magazines, periodicals and miscellaneous reading matter, the literature supplied being of such character as to be entertaining and instructive, thus enabling advantageous employment of enforced time off duty. Permanent libraries are scattered

throughout the System, with a large *clientele* of employes. The growth of the library system has been steady, and at the end of 1903 it comprised 62,973 volumes.

Y. M. C. A. RAILROAD BRANCHES.

The Pennsylvania Railroad Company was among the first of the large trunk lines to realize the practicability of embracing a plan which would place before its employes of all classes broader and higher educational opportunities and advantages, and at different times during the preliminary consideration of the question endeavored to pave the way for the introduction of a permanent branch of the Association. Efforts in this direction did not meet with what might be termed signal success until the completion of the railroad branch located at West Philadelphia, Pa. This branch was finally organized November 18, 1886, although originally undertaken May 1, 1876; it was fully housed in 1893, when approximately \$140,000 had been raised and disbursed through the combined efforts of nearly 6,000 railroad men and their friends together with the substantial co-operation of the Railroad Company.

The Pennsylvania Railroad Department Young Men's Christian Association of Philadelphia is the largest on the Pennsylvania System of Lines, and also holds the enviable distinction of being the largest railroad branch in the world in point of membership, (which on December 31, 1903, numbered about 2,500) equipment, and variety and extent of work.

The demonstrated benefits accruing to employes enjoying membership in these branches have enlisted the enthusiastic and continuous support of the Company and its principal officers.

The late President George B. Roberts, on the occasion of the laying of the corner-stone of the West Philadelphia branch building, made the following significant observation:

"Whenever men are needed for positions of responsibility, the eyes of the officers are turned toward institutions such as this, and

not to men who spend their evenings in saloons or other places that unfit them for their work."

President Cassatt made the statement:

"I am in full sympathy and accord with the work which is being so successfully carried on by the Railroad Department of the Young Men's Christian Association. From observation, I am satisfied that excellent results, from the standpoint of the employes as well as of the Company, are being accomplished through this agency."

Capt. John P. Green, First Vice-President, some time since used this language:

"Everything that tends to raise the standard of the man's occupation tends to make him sober, honest, self-respecting and conscientious. That is as near fulfilling the highest form of morality in this everyday life as we can get in this world. . . . Having the Young Men's Christian Association behind us to give us that which gives pungency and influence and puts behind us a force which pushes us to the front, it makes us do a great work, not only for ourselves, but for the community. . . ."

Charles E. Pugh, Second Vice-President, expressed this opinion:

"I have observed with pleasure the growth of this Association in both numbers and usefulness. The value of the work has been seen in direct results, and I believe the indirect results from its moral and social influences have been equally valuable."

William A. Patton, Assistant to President Cassatt, is one of the mainstays of Association effort, and a tireless and enthusiastic worker in all the avenues affecting railway branch endeavor. I will quote an excerpt from a recent article penned by him:

"After a thorough test the Railroad Young Men's Christian Association has demonstrated its usefulness and adaptabil-

ity in meeting the special needs of railroad men in all branches of the service, and it is because of this that the Company has given such liberal financial assistance in the establishment and maintenance of the numerous associations on its lines, as a good business policy. Indeed, my personal observation has led me to regard the Association as superior to any agency thus far discovered for helping railroad men to help themselves along physical, intellectual and moral lines.

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At the close of 1903 there were thirty-one Association branches, with a total membership of 12,732 on the lines of the Pennsylvania System East and West of Pittsburgh, to which the Railroad Company extended financial support. Some of these branches own the buildings they occupy, but the larger number are located in buildings belonging to the Company.

SUMMARY OF EXPENDITURE DURING YEAR 1903.

The details of the annual expenditure for the various provident features of the two parts of the System, during the year ending December 31, 1903, show a total of \$943,618.23, as follows:

	Lines East.	Lines West.
Relief	\$262,777.37	\$91,614.09
Pension	363,629.29	130,381.81
Hospital	18,370.00	2,197.50
Saving Fund	8,417.93	4,537.76
Y. M. C. A. & Libraries & Reading Rooms ...	53,351.36	8,341.12
Total	\$706,545.95	\$237,072.28

CONCLUSION.

Before concluding, a few remarks may be appropriately made on certain prominent characteristics of railway relief and pension funds as conducted in the United States.

The real consummation that has grown out of efforts made by the Pennsylvania Railroad Company in the provident fields of sickness, accident, and pension, may be sum-

med up in the statement, that all employes of the Company are, at the present time, given ample opportunity to provide for themselves in case of sickness or accident, and for designated or proper beneficiaries in the event of death, through the instrumentality of the funds—a co-partnership maintained jointly by the members and the Company, and later, when the prescribed time for retirement from active service is attained, either on the ground of old age or permanent incapacitation, the Company, absolutely from its own revenues and without any contributions or other form of support from the employes, grants to all employes entitled thereto, liberal pension allowances, while these monetary provisions are still further increased by a supplemental payment from the Relief Fund, in the form of superannuation allowances, on a fixed basis in proportion to the amount of contributions during Fund membership.

Relief Funds may be properly styled “mutual benefit associations,” as under their operations each member practically contributes for the joint welfare of himself and fellow members, and with company co-operation the duration of mutual assistance is unlimited. Membership is purely voluntary. As a matter of fact “compulsory” membership is prohibited by the United States Arbitration Act of June 1, 1898. It is sometimes held that membership is nominally voluntary but practically compulsory. This view undoubtedly arises from the circumstance that the companies, in accordance with the principle observed by all large business undertakings requiring the constant employment of large numbers of men, exercise the generally conceded right to decide upon the physical fitness and general qualifications of applicants for positions in their service. In carrying out this principle the discriminations made between applicants may appear to the uninformed to indicate a disposition to enforce “compulsory” membership, but this is an entirely erroneous conclusion, as such a course is of paramount importance with railroads for safeguarding the interests of the public as well as their own.

The question of joining the fund is laid before new employes without the slightest pressure one way or another, and there are no cases on record to my knowledge where an employe has been dismissed from service simply because he refused to become a member of the relief fund, or rejected for employment on account of his declining, if employed, to become a member of the organization. It is entirely optional with the employe after he has become a member of the Relief Fund to resign from it at any time he may see fit, and his status with the company as an employe is not affected by such action on his part.

The stability of relief departments is based altogether on the extent to which the railroad companies assume responsibility for their operations and are willing to guarantee their financial obligations. The members are thus doubly protected, first by their own contributions and next by the promise and ability of the companies to make up any deficiency which may occur. There is, therefore, a direct mutual interest between the members and the companies. There is no encroachment on other plans of relief or insurance which may have enlisted the support of employes.

Contributions are intended primarily for the purpose of assuring sick or disabled members of a designated monthly income at a time when most needed, and in providing this income promptly.

The payment of death benefits is an incidental feature of the plan, the presence of which stands for a logical constituent of the chief factors—sickness and accident, from the fact that it insures deceased members respectable burial, and intervenes to prevent the possible immediate impoverishment of their families.

No provision is made for the return to members of the Relief Fund, leaving either the service or the Fund, of any proportion of their contributions, for the reason that during their connection with the Fund they have been protected against sickness and accident at a minimum cost, and to make repayments would necessitate an increase in rates, which would mean an added expense to all the

members. It is also a fact that the laws of some States prohibit the continuance of fund death benefits after employes leave the service of the corporation, as being an infringement upon State Insurance statutory enactments.

The advantages of membership in the Relief Funds may be thus recited: (a) Indemnity in case of disablement from accident or sickness, and death from accidental or natural causes, at a minimum cost; the protection extended for death being particularly advantageous to employes occupying hazardous positions, as many of the regular-line insurance companies will not insure them, and those that do demand largely increased premiums over the ordinary risk. (b) Free surgical attendance in case of disablement from accident while in the performance of duty; also, the furnishing of artificial limbs and other appliances. (c) No payment for membership or medical examiners' fees. (d) No special dues or taxes, and no extra assessments. (e) Exemption from contribution during disablement, after that made for the month in which the disablement originates. (f) Protection against possibility of forfeiting title to benefits for non-payment of dues; the practice of collecting contributions on the pay-rolls obviating this so long as members are on duty. (g) No assessments for administration, all expenses being defrayed by the associated companies. (h) Benefits are not susceptible to hypothecation, and death benefits cannot be diverted for any purpose, being confined exclusively to payment to designated beneficiaries, who must be members of the family. (i) Relief from making contributions to their fellow employes or their families in destitute circumstances; solicitations in this direction were of common occurrence before the funds were established.

An important point in connection with the operation of relief funds is the question of a member's right to have recourse to action at law against the interested railroad companies in lieu of accepting accident benefits extended by the funds. To understand this point it must be borne

in mind, primarily, that the applicant for fund membership enters into an agreement with the fund to accept, in the event of sustaining disablement injury while in the service and in the performance of service duties, the accident benefits specifically prescribed in fund regulations. This is a distinct agreement, with a good and valid consideration, made between proper contracting parties, and, therefore, invested with due legal status. By becoming voluntarily a party to the agreement the applicant should live up to its terms, any overt or serious violation of which should, and does, result in relinquishment by the violating party of the benefits that would otherwise have accrued to him thereunder. The companies by reason of guaranteeing that all obligations of the funds will be met, also paying their deficiencies, and contributing the entire amount necessary in the conduct of their operations, clearly assume responsibilities which warrant them in asking employe applicants to enter into the agreement referred to. By entering into such contract the member is invested with a fixed and certain rate of compensation, while the companies are always in position to determine the extent of their financial obligation, and accord each case prompt and systematic treatment. The object contemplated by the agreement is the safeguarding of both the funds and the associated or interested railroad companies, by the introduction of provisions that are plainly set forth and as well serve equally the best interests of both parties to the contract. This manner of fund agreement does not deprive the member from instituting legal proceedings instead of taking the rate of compensation offered by the fund. It does provide, however, that where the member disregards his plain obligations under its terms, he thereupon forfeits his rights to fund benefits, and the question of company compensation will then depend wholly upon the merits of the case from a purely legal standpoint.

The establishment by the railroad companies of an age limit for admission into the service was for the purpose of making it possible, when the retirement age is reached, for employes to receive as a return for services rendered

an allowance equivalent to a fair proportion of their average pay.

The adoption of this provision does not, however, preclude the re-employment of former employes, who are over the age of 35 years, for the reason that this privilege is accorded to them, provided they have not been out of the service for more than three years and that the companies have positions in which they could be employed. This period is deemed sufficient for employes to decide whether or not they desire re-employment, and at the same time such absence from the service does not destroy the feature of the employes at the retiring age having been in the service such a number of years as to give them the benefit of a fair pension allowance.

Too much praise cannot be accorded the railway officials of the United States for their broad-minded and liberal treatment of the subject of conferring pension allowances upon employes. In providing for extension of the allowances absolutely without cost to the employe and wholly from the revenues of the roads concerned, no distinction has been drawn as to rank or condition of employment. All employes, from the chief executive down to the man holding the humblest position in the service, are, one and all, amenable to the governing provisions. Generally there has been no distinctive classification of employes into "Salaried officers" and "Wage-earners," as is the practice in other countries, but, instead, all share alike, in accordance with their service status, in the benefits growing out of Fund operation.

These provisions for sick, injured, and aged employes, and designated beneficiaries in the event of their death, in conjunction with the various opportunities for mental, physical, and spiritual betterment, are actuated by truly humane and benevolent purposes and in their continuous development are bringing about a reciprocal feeling of mutual regard and respect between capital and labor. Conditions are being improved and at the same time energy is being vitalized and ambition stimulated among the rank and file of railway employes.



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